

DEPARTMENT OF TREASURY-OPERATIONS
P.A. 528 of 2002

| FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE | FY 2001-02 YEAR-TO-DATE | FY 2002-03 GOV'S REC. | FY 2002-03 YEAR-TO-DATE | CHANGES FROM FY 2001-02 YEAR-TO-DATE | |
|--|----------------------------|--------------------------|----------------------------|---|--------------|
| | | | | AMOUNT | PERCENT |
| FTE Positions | 1,995.5 | 1,852.5 | 1,852.5 | (143.0) | (7.2) |
| GROSS | 369,546,100 | 371,179,800 | 368,480,500 | (1,065,600) | (0.3) |
| Less: | | | | | |
| Interdepartmental Grants Received | 17,237,000 | 19,445,300 | 19,445,300 | 2,208,300 | 12.8 |
| ADJUSTED GROSS | 352,309,100 | 351,734,500 | 349,035,200 | (3,273,900) | (0.9) |
| Less: | | | | | |
| Federal Funds | 44,898,800 | 44,296,100 | 44,296,100 | (602,700) | (1.3) |
| Local and Private | 950,100 | 910,800 | 910,800 | (39,300) | (4.1) |
| TOTAL STATE SPENDING | 306,460,200 | 306,527,600 | 303,828,300 | (2,631,900) | (0.9) |
| Less: | | | | | |
| Other State Restricted Funds | 251,969,200 | 252,233,900 | 252,233,900 | 264,700 | 0.1 |
| GENERAL FUND/GENERAL PURPOSE .. | 54,491,000 | 54,293,700 | 51,594,400 | (2,896,600) | (5.3) |
| PAYMENTS TO LOCALS | 96,872,600 | 97,980,100 | 97,980,100 | 1,107,500 | 1.1 |

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

A. FEDERAL EDUCATION ASSESSMENTS GRANT

The Federal government has made grants to the states to conduct yearly testing in math and reading of students in grades 3-8. Federal funding of \$10,698,800 will supplement the Michigan Education and Assessment Program (MEAP), which is currently testing in only two of those grades. States have until the 2004-05 school year to implement the additional tests. Use of the Federal funds may include the creation of state standards, test development, and administration. A supplemental appropriation was made in FY 2001-02 for the same amount for the same purpose.

| | |
|---------|---|
| Gross | 0 |
| Federal | 0 |
| GF/GP | 0 |

B. COLLECTION OF TRANSPORTATION-RELATED TAXES AND AUDIT COSTS

Executive Order 2001-9 offset \$8,000,000 GF/GP with Michigan Transportation Fund dollars for FY 2001-02. The budget for FY 2002-03 continues this at the same level of funding. The funding is applied toward the costs of collecting transportation-related taxes and audit activities that the Department of Treasury performs on behalf of the Department of Transportation.

| | |
|-------|---|
| Gross | 0 |
| IDG | 0 |
| GF/GP | 0 |

C. TAX REVERTED PROPERTY ANNUAL COSTS

Fiscal year 2002-03 will be the first full year of operation of the new program established by Public Act 123 of 1999 for handling tax reverted property. The budget includes an increase to reflect a full year of administration costs.

| | |
|------------|-----------|
| Gross | 3,071,700 |
| Restricted | 3,071,700 |
| GF/GP | 0 |

D. AUTOMATED INVESTMENTS TRACKING SYSTEM

The budget includes operational costs for a new automated investments tracking system. The new accounting system will provide information regarding transfers and assets on a real time basis, as well as bring the trading system into compliance with standards established by the Securities and Exchange Commission. The system is funded from fees applied to retirement funds.

| | |
|------------|-----------|
| Gross | 2,350,000 |
| Restricted | 2,350,000 |
| GF/GP | 0 |

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E. DIESEL EQUITY AND SIMPLIFICATION PACKAGE

The budget includes funding for the implementation and administration of this program. Of the enacted appropriation, approximately \$2,000,000 is one-time funding for implementation of an electronic reporting and payment system and \$225,000 is provided for ongoing operational costs. The new system is expected to reduce manual processing time and increase accuracy and efficiency in tax collection.

| | |
|-------|-----------|
| Gross | 2,225,000 |
| IDG | 2,225,000 |
| GF/GP | 0 |

F. SCHOOL BOND LOAN REVIEWS

The budget includes funding for an additional position for auditing and review purposes related to the School Bond Loan Program.

| | |
|------------|--------|
| Gross | 70,000 |
| Restricted | 70,000 |
| GF/GP | 0 |

G. TAX TECHNOLOGY INVESTMENT PLAN

The Tax Technology Investment Plan will be implemented in three stages by December 2002. The budget removes implementation funding for the project. The Tax Technology Investment Plan has received \$20,700,000 over the past four fiscal years for implementation costs. An appropriation of \$3,500,000 remains in the budget for ongoing operational costs. This project will be under the direction of the new Department of Information Technology.

| | |
|------------|-------------|
| Gross | (3,000,000) |
| Restricted | (3,000,000) |
| GF/GP | 0 |

H. LOTTERY ADMINISTRATIVE BUDGET ADJUSTMENT

The budget includes a reduction to the budget of the Bureau of Lottery related to the completion of information technology initiatives.

| | |
|------------|-------------|
| Gross | (1,781,800) |
| Restricted | (1,781,800) |
| GF/GP | 0 |

I. LOTTERY NEW GAMES FUNDING

The budget includes funding for the development and implementation of new Lottery games. The anticipated games are a Changeplay game and instant lottery ticket vending machines.

| | |
|------------|-----------|
| Gross | 1,500,000 |
| Restricted | 1,500,000 |
| GF/GP | 0 |

J. REMOVAL OF PRESCRIPTION DRUG CREDIT ADMINISTRATION COSTS

With the full implementation of Michigan's Elder Prescription Insurance Coverage (EPIC), the Senior Prescription Tax Credit Program no longer exists. The budget removes administration funding for this program.

| | |
|------------|-----------|
| Gross | (182,500) |
| Restricted | (182,500) |
| GF/GP | 0 |

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K. COMPLETION OF 1997 EARLY RETIREMENT PAYOUTS

The budget includes a reduction to reflect the end of the five-year payouts of sick leave related to employees who retired under the 1997 early retirement legislation.

| | |
|------------|-----------|
| Gross | (203,700) |
| IDG | (5,000) |
| Local | (11,000) |
| Restricted | (113,700) |
| GF/GP | (74,000) |

L. STAFF REDUCTIONS TO PAY FOR EMPLOYEE ECONOMICS

The budget includes a reduction of 3.0 FTEs and associated funding to pay for employee economic adjustments.

| | |
|-------|-----------|
| FTE | (3.0) |
| Gross | (181,500) |
| GF/GP | (181,500) |

M. UNDESIGNATED BUDGETARY SAVINGS

The FY 2002-03 enacted budget includes a 1% GF/GP departmentwide reduction. The negative appropriation will be applied to specific line items through the legislative transfer process at a later date.

| | |
|-------|-----------|
| Gross | (542,900) |
| GF/GP | (542,900) |

N. UNDESIGNATED EARLY RETIREMENT SAVINGS

The budget includes a GF/GP reduction to reflect savings from the early retirement option made available in 2002. In the Department of Treasury, 230 employees participated in this option.

| | |
|-------|-------------|
| Gross | (2,156,500) |
| GF/GP | (2,156,500) |

O. PROGRAM TRANSFERS

In the budget, 140.0 FTE positions are transferred to the new Department of Information Technology. Of the FTEs transferred, 38.0 are from the Bureau of Lottery, 7.0 are from Casino Gaming, and 95.0 are from the Treasury Department in general. The enacted budget creates within the Department of Treasury budget a new appropriation unit that includes \$21,208,300 Gross; \$7,017,000 GF/GP. This funding is appropriated in the budget for the new Department as an IDG from user charges.

| | |
|-------|---------|
| FTE | (140.0) |
| Gross | 0 |
| GF/GP | 0 |

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P. UNCLASSIFIED SALARIES

The budget includes a 3.5% increase to the FY 2001-02 level, from \$774,200 to \$800,900. Of the \$26,700 Gross increase, \$15,100 is restricted funding from the State Lottery Fund and the State Services Fee Fund for the positions of Lottery Commissioner and Executive Director of the Michigan Casino Gaming Board.

Gross 26,700
Restricted 15,100
GF/GP 11,600

Q. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, workers' compensation, building occupancy charges, and the removal of lump sum payments consistent with factors applied to all budgets. These adjustments include:

Gross 3,247,500
IDG (11,700)
Federal 107,300
Local (28,300)
Restricted 1,240,000
GF/GP 1,939,200

| Item | Gross | GF/GP |
|---------------------------------|-------------|-------------|
| Salaries and Wages | \$1,586,100 | \$359,700 |
| Retirement | 488,000 | 43,300 |
| Building Occupancy Charges/Rent | 2,638,900 | 1,769,300 |
| Rent | (408,600) | 0 |
| Workers' Compensation | (104,000) | (40,300) |
| Lump Sum Adjustments | (684,200) | (192,800) |
| Other Adjustments | (268,700) | 0 |
| Total | \$3,247,500 | \$1,939,200 |

R. OTHER ISSUES

The budget includes adjustments for one-time items, transfers, and supplemental appropriations in FY 2001-02, and changes in grant levels for programs such as the Health and Safety grants, the Commercial Mobile Radio Service grants, and the Senior Citizen Cooperative Housing Tax Exemption Program.

Gross (5,507,600)
Federal (710,000)
Restricted (2,904,100)
GF/GP (1,892,500)